

The President's Plan to Create Jobs, Grow the Economy, and Reduce the Deficit

We strengthen America by growing the economy from the middle out and by making sure we don't pass on crushing debt to our kids and grandkids. The President has a plan to strengthen the middle class and create jobs by investing in education, manufacturing, clean energy and small business. At the same time we need to reduce the deficit in a balanced way. Building on the \$2.5 trillion in deficit reduction he has already signed, President Obama is committed to continuing to cut our deficit and has a plan to do it in a balanced way by cutting even more spending we don't need and reducing tax expenditures and eliminating tax loopholes for the wealthy.

The President will not have another debate with Congress about the debt limit. Raising the debt limit allows Congress to pay the bills on spending they have already racked up. It has nothing to do with future spending. The President will not negotiate about raising the debt limit; we honor our obligations and we pay what we owe. Republicans in Congress are playing a reckless political game that could throw our economy back into recession, and he will not allow them to hold our economy hostage while they demand deep cuts to Social Security and Medicare or slash education and other investments we need to strengthen the middle class. We can reduce our deficit in a balanced way, but threatening economic collapse in order to do so is irresponsible and wrong.

THE PRESIDENT'S PLAN TO CUT OUR DEBT AND DEFICITS IN A BALANCED WAY
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As part of his overall plan to create jobs and strengthen the middle class, the President remains committed to cutting the deficit by a total of \$4 trillion over the next 10 years, taking into account the deficit reduction already achieved. Cutting \$4 trillion from our deficits will help to stabilize our debt as a share of the economy. There's more work to do and the President has a plan to do it, but we're tackling this problem step-by-step and we've made progress toward that goal:

- The President has already cut the deficit by over \$2.5 trillion in balanced way that protects investments the middle class relies on and begins to ask the wealthy to pay their fair share. And on top of that, we've already locked in over \$400 billion in savings from winding down the wars in Iraq and Afghanistan. The over \$2.5 trillion in savings include:
 - \$1.4 trillion in spending cuts to discretionary programs enacted over the past two years, which when counted with interest savings total \$1.8 trillion over the next 10 years.
 - Over \$600 billion in new revenue by raising income tax rates on millionaires and billionaires and making sure the wealthiest Americans begin to pay their fair share. When interest savings are included this amounts to over \$700 billion of deficit reduction.
- Together with a strengthening economy these steps will bring down the deficit as a share of the economy over the next five years.

In December of 2012, the President was willing to cut the deficit even more. The President offered a balanced plan that would have cut the deficit by a total of over \$ \$4 trillion. Unfortunately, Republicans in Congress refused:

- The President's offer to Republicans in the deficit negotiations included \$900 billion more in spending cuts and \$600 billion in additional revenue, relative to the fiscal deal, to be achieved through tax reform closing loopholes for the wealthy. Taking into account interest savings and measures to achieve job growth, enacting the President's full offer would reduce deficits by well over \$1.5 trillion relative to the fiscal deal.
- The President's offer would have achieved a total of \$4 trillion in deficit reduction over 10 years and stabilized the debt as a share of the economy over the next 10 years.

THE PRESIDENT'S OFFER REFLECTED BALANCED DEFICIT REDUCTION AND COMPROMISE
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The President's offer in the end-of-year negotiations reflected his commitment to balanced deficit reduction, and his effort to reach a bipartisan compromise. In addition to raising income tax rates on millionaires and billionaires, the President offered:

- \$580 billion in additional revenue relative to the fiscal deal, which could be achieved by closing loopholes and reducing deductions for the wealthy. We cannot just cut our way to prosperity, and the President agrees with Speaker Boehner who wrote in December that significant revenue could be raised from "pro-growth tax reform that closes special-interest loopholes and deductions while lowering rates."
- \$400 billion in health savings that protect Medicaid and the basic guarantee of Social Security and Medicare that seniors have paid for and earned.
- \$200 billion in non-health mandatory savings
- \$200 billion in discretionary savings split 50-50 with equal amounts from defense and non-defense spending in the later part of the decade.
- \$130 billion in spending savings from correcting the CPI measure used to update mandatory programs while setting aside savings for protections for the most vulnerable including elderly Social Security beneficiaries and enrollees in the SSI program. The correction would also save about \$100 billion in revenues
- The President is committed to a process of reducing tax expenditures for high-income households, making the corporate tax code more simple and fair while eliminating incentives for companies to ship jobs overseas, and taking further steps to strengthen entitlements.
- This process of additional individual and corporate tax reform and entitlement reform would be enforced with sound enforcement backstops that ensure Congress makes progress on the agreed upon revenue and spending savings through manageable mechanisms.

CUTTING THE DEFICIT IS ONE COMPONENT OF THE PRESIDENT’S OVERALL PLAN TO CREATE JOBS AND STRENGTHEN THE MIDDLE CLASS
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Balanced deficit reduction is an essential component of the President’s long-term economic agenda to strengthen and grow the middle class, but only one component of his commitment to investing in job growth, and key national priorities like education, manufacturing, clean energy, and small business:

- The President believes it is critical while we reduce the deficit we also need to preserve investments that create jobs and strengthen the middle class. That is why he insisted on fully extending emergency unemployment insurance for a full year – which is one of the highest “bang for the buck” jobs measures according to the Congressional Budget Office. It is also why he pushed for extending incentives for businesses to invest and create jobs next year, including 50% bonus depreciation.
- That is why the President continues to promote an acceleration of infrastructure investment and other immediate measures to create jobs and ensure that the communities and people most affected by the Great Recession are able to participate in our recovery.